

# STATE OF COLORADO

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## OFFICE OF THE EXECUTIVE DIRECTOR

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John W. Hickenlooper  
Governor

Mike King  
Executive Director

April 18, 2012

Governor John W. Hickenlooper  
Speaker Frank McNulty, Colorado House of Representatives  
President Brandon Shaffer, Colorado Senate

RE: *Recommendations from the Task Force Established by Executive Order 2012-002 Regarding Mechanisms to Work Collaboratively and Coordinate State and Local Oil and Gas Regulatory Structures*

Dear Governor Hickenlooper, Speaker McNulty, and President Shaffer,

On February 29, 2012, Governor Hickenlooper issued Executive Order B 2012-002, establishing a Task Force to develop cooperative strategies regarding the regulation of oil and gas development and to report its recommendations to the Governor, Speaker of the House and President of the Senate no later than April 18, 2012.

The Task Force members, comprised of representatives from counties, municipalities, the state, the industry, civic organizations and the public share an interest in efficient and effective oil and gas regulation that provides for the responsible development of our resources. Through the Task Force, the state and local jurisdictions, in collaboration with the oil and gas industry, believe they have established mechanisms to achieve complementary implementation of regulations that benefit our economy and protect our public health, safety, welfare, environment and wildlife.

The Task Force convened on March 9 and met once per week through April 12, in addition to two additional subcommittee working sessions. At the meetings, the Task Force was briefed on the Colorado Oil and Gas Conservation Commission's (COGCC) Local Government Designee (LGD) program, the COGCC inspection program, and received an overview of COGCC's permitting process and regulatory timelines. Members learned about the legal underpinnings for Memorandums of Understanding (MOU) and Intergovernmental Agreements (IGA) between the state and local jurisdictions with regard to inspection authority. The Task Force also heard policy perspectives from Gunnison County, a local jurisdiction that recently entered into an MOU and has a pending IGA with the State, as well as from LGDs in jurisdictions where oil and gas activity has long been established. Finally, the Task Force received over 1,600 public comments. All meetings of the Task Force were publicly noticed and streamed on the internet. All documents considered or generated by the Task Force were posted on a dedicated web page and available for the public to download and review.

Task Force members agreed that coordinated regulation through a collaborative approach is desirable. The Task Force focused on enhancing the LGD process and possible use of COGCC's authority to delegate

inspection duties. The Task Force created a subcommittee to develop specific protocols on an expanded and improved LGD program, and the opportunity to use local inspectors through COGCC's delegation authority. The subcommittee convened two working sessions and generated recommended protocols with deliverables that are included in the attached tables.

The Task Force does not make recommendations for new laws, but instead recommends a collaborative process through which issues can be resolved without litigation or new legislation. The Task Force determined that whether there is sufficient reason to amend COGCC rules on substantive issues listed in the Executive Order, such as those impacting landowners, should be resolved on an issue-by-issue basis through a robust stakeholder process. Colorado Association of Homebuilders, for example, has expressed a concern regarding setbacks, and a stakeholder group to discuss COGCC drilling setbacks has already been convened and its next meeting is on April 19, 2012.

The Task Force discussed jurisdictional issues regarding substantive regulations but determined that drawing bright lines between state and local jurisdictional authority was neither realistic nor productive. A more constructive approach will result from collaboration and coordination as outlined above. Through these processes, and the protocols that give them structure, questions around jurisdictional regulatory schemes will most effectively be resolved.

Sincerely,

A handwritten signature in black ink, appearing to read "M. King", with a stylized flourish at the end.

Mike King, Chair

On behalf of Task Force members:

Diana Allen, Member, Lakewood City Council (on behalf of Colorado Municipal League)

Brian Bagley, Attorney, Longmont (on behalf of President, Colorado Senate)

Reeves Brown, Executive Director, Colorado Department of Local Affairs

Stan Dempsey, President, Colorado Petroleum Association

Barbara Green, Attorney, Denver (on behalf of Colorado Conservation Voters)

Jack Hilbert, Commissioner, Douglas County Board of County Commissioners (on behalf of Colorado Counties, Inc.)

Tommy Holton, Mayor, Ft. Lupton and Colorado Oil and Gas Conservation Commissioner

Tisha Conoly Schuller, Chief Executive Officer, Colorado Oil and Gas Association

Casey Shpall, Deputy Attorney General

Andy Spielman, Attorney, Denver and Colorado Oil and Gas Conservation Commissioner

Ken Wonstolen, Attorney, Denver (on behalf of Speaker, Colorado House of Representatives)